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25 April 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Acting Chairman, National Intelligence Council

FROM : Special Assistant for Warning

SUBJECT : Warning and Forecasting: Monthly Assessment

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USSR: Summit II Intentions

1. The Soviets will delay a final decision regarding Gorbachev's visit to the US this year until mid-summer. Their calculated ambiguity in discussing a second summit and the postponement of Shevardnadze's talks with Secretary Shultz in mid-May have been designed to stall agreement on a specific date until they have had time to assess the Administration's intentions on compliance with SALT II limits and measure the political fallout from US airstrikes against Libya. Gorbachev wishes to keep his summit options open as long as possible. As of late April, however, he probably still intends to proceed with his visit to the US, provided the Administration agrees to a date in late November or December. This timing is calculated to enable Gorbachev to exert maximum impact on West Germany's national elections next January.

2. The main imponderable in judging Soviet intentions will focus on Moscow's appraisal of European reactions to further US reprisals against terrorist attacks on American citizens, airliners or facilities. If the US conducts renewed airstrikes against Libya or terrorist bases elsewhere in the region, there would be some chance that Gorbachev would cancel or postpone his visit to the US. The Soviet government's statement of 15 April denouncing the airstrikes contained a cryptic warning that if "aggressive bandit actions" are not ended, "more far-reaching conclusions will have to be drawn in the Soviet Union." Gorbachev, however, will not torpedo Summit II simply to demonstrate support for Libya or other Arab regimes. He would take this step only if he was convinced that it would have a decisive effect in ensuring an electoral victory for West German Social Democrats and Greens next January.

3. Soviet tactics in delaying final agreement to a second summit should not obscure the extent to which Gorbachev has engaged his prestige and credibility in continuing the dialogue with President Reagan. He could not casually repudiate his agreement at Geneva last November for further meetings this year and next without raising damaging questions about his authority and competence. In his report to the Supreme Soviet on the Geneva summit, Gorbachev declared, "we value the personal contact established with the US President. A dialogue between top leaders is always a moment of truth in relations between states. It is important that such a dialogue has taken place. In the present difficult time it is, in itself, a stabilizing factor....Special mention must be made of the significance of the accord achieved in Geneva on the continuation of political contacts between the Soviet Union and the US, including new meetings at the summit level. And so we are right in saying that the overall balance of Geneva is a positive one."

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4. Gorbachev committed himself to further summits not only because of their value in strengthening his political standing at home but also because these highly conspicuous encounters with the President play a major role in Moscow's foreign political strategy and its ambitious plans for what the General Secretary has described as a "profound reconstruction" of the economy. Gorbachev views US-Soviet summits as a principal instrument for exploiting the obsession of many West European political and business leaders with progress in superpower relations. There is no more potent forum for dramatizing the contrast between Moscow's portrayal of its peaceful aspirations and the Administration's alleged intent to avoid arms control agreements and to achieve strategic superiority. The short-range goal in the contest for public opinion is to stimulate European resistance to Administration policies and encourage independent accommodations with the USSR, thereby advancing the ultimate aim of altering the geopolitical balance in Europe.

5. In the realm of economic reform, Gorbachev views a summit dialogue as a valuable means of increasing access over the next decade to US technology, credits, and technical expertise. In his press conference at Geneva last November, he candidly declared a strong interest in a major expansion of economic relations with the US, saying that, "We proceed from the premise that both we and US business circles retain a mutual interest--I know this for certain--in improving relations.... We are prepared to invite US business circles to participate in implementing major programs. We have great plans." In his speech to members of the French parliament last October, Gorbachev was even more expansive, urging "an effective utilization of the international division of labor. We in the Soviet Union are prepared for this, including the search for new forms of co-production and cooperation."

6. Soviet "peace offensive" initiatives in the next six months will be tailored primarily to influence political forces that Moscow hopes will determine the outcome of elections in the Netherlands in May, West Germany next January, and Britain by mid-1988. These may include the following:

(a) New proposals for a separate, interim agreement on intermediate-range missiles in Europe may include an immediate freeze on further deployments and an announced reduction of SS-20s in western USSR below the level of June 1984, when Soviet "countermeasures" to INF deployment began;

(b) Reaffirmation of open-ended US and Soviet commitments to observe SALT II limits, or renewal of the proposal for a one-year extension of the treaty which technically expired at the turn of the year. Soviet spokesmen have expressed skepticism that the Administration will decide to remain within SALT II limits by dismantling two Poseidon submarines when the next Trident begins sea trials in late May.

If the President formally decides to continue compliance by dismantling the two Poseidons, the Soviets will portray this as nothing more than a holding action and insist that the real test of US intentions will come next December when additional cruise missile-carrying B-52s will exceed treaty limits. The Soviets were surprised and frustrated by the President's decision last June to continue compliance. They remain convinced that the Administration will break

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out of SALT II limits next year, and a major part of their political strategy therefore will be calculated to exaggerate the ominous significance of this step and to extract maximum political advantage from it.

(c) A public proposal for prohibiting all cruise missiles with ranges greater than 360 miles;

(d) A call for joint US-Soviet reaffirmation of the ABM Treaty of 1972;

(e) Formal re-endorsement of the Shultz-Gromyko accord of 8 January 1985, which Moscow interprets as linking reductions of strategic weapons to a prohibition of "space weapons;"

(f) Nuclear testing....Although the Soviet statement of 11 April declared that, in view of continued US testing, the USSR "from now on" is free from its unilateral moratorium, it hinted that Soviet testing would not be resumed immediately. Shevardnadze later made this point explicit. There is a 50 percent chance that the Soviets will delay a resumption of testing for three to six months, during which they will wage a vigorous offensive directed at what they perceive to be the Administration's vulnerability on the testing issue. They will hammer on proposals to the US and the UK to resume tripartite talks on a comprehensive test ban, and they may propose a US-Soviet moratorium of 18 or 24 months. The Soviets are well aware that a test ban commands great public interest in West Germany and that the Social Democrats have been using this issue to attack the Kohl government. West German officials have pointed to US policy on testing as the weakest link in the Western arms control position.

Given the high priority the Soviets assign to influencing the outcome of the German elections, it is possible that they will refrain from nuclear testing until late next winter. The Soviet search for greater leverage on this issue may also lead them to propose a conference of the five nuclear powers to negotiate an agreement on no-first-use of nuclear weapons and a commitment not to use or threaten to use them against non-nuclear weapon states or nuclear-free zones.

The fact that China proposed a five-power international convention along these lines at the Geneva Conference on Disarmament on 18 April will encourage Moscow to surface this initiative, together with a call for a general moratorium on testing during the negotiations.

(g) Terrorism....Gorbachev's speech at the Party Congress on 25 February expressed readiness to cooperate with other states in combatting international terrorism. He may soon respond favorably to Senator Byrd's 11 April letter to President Reagan and Gorbachev recommending a Soviet-US initiative of cooperative planning and operations to combat terrorism. Alternatively, Gorbachev may propose that terrorism be included in the agenda of the "round-table" summit of the five nuclear powers that he mentioned at the Party Congress. He may link terrorism to his nebulous scheme to "create a comprehensive system of international security."

(h) Afghanistan....Having declared at the Party Congress that "We would like in the very near future to bring the Soviet forces back to their homeland" and claimed that a "time-scale for their step-by-step withdrawal has been worked

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out with the Afghan side," Gorbachev in the next six months may announce a token withdrawal prior to a political settlement. Although these forces presumably would be retained within Soviet territory adjacent to the Afghan border, Moscow would anticipate that a well-publicized removal of 10,000 to 20,000 troops would have a major impact on world opinion.

Middle East

Libya

7. The US airstrikes will not result in significant changes in the policies of other Arab governments. Syria's lukewarm support for Libya accurately reflects the attitudes of most Arab League members, which deplore Qadhafi's use of terrorism and subversion against other Arab and Islamic states, as well as against Western targets. On the other hand, US reprisals will not cause Qadhafi to reduce, much less abandon, terrorist actions as a device to aggrandize his power at home and influence abroad. The prospect of even more damaging US airstrikes or other military and naval actions will not deter him from attempting to avenge his losses of 24 March and 15 April. Qadhafi is locked into the conviction that escalation of his political and military confrontation with the US and Britain is the only way to settle accounts with Western adversaries and forestall attempts by potential domestic rivals to bring him down. Measures by the European Community to curtail Qadhafi's ability to use Libyan agents in prosecuting his terrorist offensive will lead him to increase his reliance on radical Palestinian, Iranian, and Lebanese Shiite assets. He is likely to resort increasingly to tactics used by Palestinians and Shiites in seizing American and European hostages and manipulating their fate as a means of blackmailing and embarrassing his Western enemies. In the absence of concerted and sustained US and European military and economic sanctions that would eliminate Libya's oil revenues, there will be no more than a 30 percent chance of a successful internal challenge to Qadhafi's rule in the next six months.

Israeli-Arab Relations

8. The power struggle within the Likud Bloc has strengthened the likelihood of a move by Prime Minister Peres in the next three months to break up the coalition government. The collapse of the Herut Party convention last month has increased pressure on Peres from his Labor Party colleagues to take decisive action to avert the transfer of the premiership to Shamir next October. Peres may force Likud to bolt the coalition by announcing plans to unilaterally impose limited autonomy in the West Bank and Gaza late this year. Alternatively, he may seize a pretext to bring the government down by resigning and calling new elections in order to capitalize on political chaos in the Likud Bloc.

9. A cabinet crisis and political confusion in Israel will stimulate an upsurge in Palestinian terrorism not only against the Israeli presence in the Occupied Territories and southern Lebanon, but also against US personnel and property in the Middle East and Europe. The Israelis, in turn, will seize upon a

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